

RESOLUTION NUMBER R- **314672**DATE OF FINAL PASSAGE **MAR 28 2023**

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE LOAN AGREEMENT FOR THE IRIS AVENUE TROLLEY APARTMENTS AFFORDABLE HOUSING PROJECT WITHIN THE OTAY MESA-NESTOR COMMUNITY PLAN AREA AND AUTHORIZING A RELATED LOAN IN AN AMOUNT NOT TO EXCEED \$4,788,755 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS AND LOW AND MODERATE INCOME HOUSING ASSET FUNDS TO THE PROJECT DEVELOPER, HOWARD AVENUE INVESTORS, L.P.

WHEREAS, on September 7, 2022, the Economic Development and Intergovernmental Relations Committee (EDIR Committee) of the Council of the City of San Diego (Council) received an informational staff presentation regarding the completion of a Request for Qualification and Notice of Funding Availability (NOFA) round two process to increase the new construction, acquisition, or rehabilitation of housing that will provide long term affordability (55 years or longer) to individuals and families at or below 80 percent of area median income (AMI); and

WHEREAS, the City of San Diego's second round affordable housing NOFA will include \$20,000,000 in total funding from sale proceeds of housing assets formerly owned by the Redevelopment Agency of the City of San Diego, Permanent Local Housing Allocation funds, and U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds; and

WHEREAS, City staff recommended three projects for NOFA funding in round two and informed the EDIR Committee that next steps include bringing each recommended project

forward for the Council's consideration through the approval of an Owner Participation Agreement or a Loan Agreement; and

WHEREAS, one of the three recommended projects is the Iris Avenue Trolley Apartments affordable housing project (Project), located at 1507 Howard Avenue in the Otay Mesa-Nestor Community Plan Area (Property); and

WHEREAS, the Project will include 64 residential units (including studios and one-, two-, and three-bedroom units), with 63 of those units affordable on a long-term basis to extremely low and low income households (up to 30 percent and 60 percent AMI), and one on-site manager's unit not subject to affordability restrictions; and

WHEREAS, the Project will also include amenities such as: a community room; bike storage area; gathering space terrace; tot lot; courtyard; laundry room; parking area and space for the provision of service programs for all residents; and

WHEREAS, the Project will be designed and constructed to achieve, at a minimum, LEED Silver Certification or the substantial equivalent, including sustainable features such as water saving measures, energy efficient lighting and appliances and hot water systems, high efficiency HVAC systems, ceiling fans, storm water filtration strategies, drought tolerant landscaping with drip irrigation and photovoltaic systems; and

WHEREAS, the City negotiated the terms of a proposed Loan Agreement (Agreement) with Howard Avenue Investors, L.P., a California limited partnership (Developer), to provide a loan to Developer in an amount not to exceed \$3,500,000 in CDBG funds for acquisition of the Property and \$1,288,755 from the Low and Moderate Income Housing Asset Fund (LMIHAF)

to be used for acquisition costs and construction of the Project, and a copy of the Agreement is included in the docket materials accompanying this Resolution; and

WHEREAS, the Agreement requires Developer, for at least 55 years, to restrict 63 units in the Project for occupancy by households at 60 percent AMI or less and to further restrict 23 of those units at 30 percent AMI; and

WHEREAS, the City's loan to Developer for acquisition of the Property is an eligible use of CDBG funds; and

WHEREAS, the City's loan to Developer for construction of the Project is an eligible use of LMIHAF funds; and

WHEREAS, Developer's repayment of the City's loan from a portion of the Project's residual receipts will be secured by a deed of trust recorded against the Property; and

WHEREAS, Developer's obligation to develop the Project and adhere to the long-term affordability restrictions will be set forth in a regulatory agreement and declaration of covenants, conditions, and restrictions to be recorded against the Property for the benefit of the City; and

WHEREAS, the Project is consistent with, and advances the goals and objectives of, the City's NOFA and the guiding principles in the City's Affordable Housing Master Plan; and

WHEREAS, the Council believes that the Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable law; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff, including information provided by affected third parties and

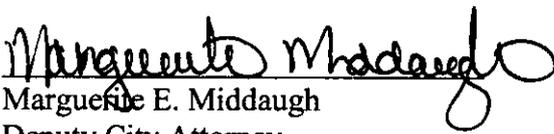
verified by City staff, with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The Council approves the Agreement, including all attachments and exhibits to the Agreement.
2. The Mayor, or designee, is authorized and directed, on behalf of the City, to sign and enter into the Agreement, including all attachments and exhibits to the Agreement requiring the City's signature, and take all other reasonable actions that are necessary or appropriate to perform the City's obligations under the Agreement. A copy of the Agreement, when fully executed, shall be placed on file with the City Clerk as Document No. RR- **314672**.
3. The Chief Financial Officer, or designee, is authorized to transfer an amount not to exceed \$3,500,000 from Unobligated CDBG Program, CDBG Grant 1000003-2022 to Iris Avenue Trolley Program in Fund 600000, CDBG Grant 100000-2023, contingent on the Chief Financial Officer furnishing a certificate certifying that funds necessary for expenditure are, or will be, on deposit with the City Treasurer.
4. The Chief Financial Officer, or designee, is authorized to appropriate and expend an amount not to exceed \$4,788,755, including an amount not to exceed \$3,500,000 from Fund 600000, CDBG Grant 1000003-2023 Iris Avenue Trolley Program to Developer for the Property acquisition costs, and an amount not to exceed \$1,288,755 from City's LMIHAF, Fund 200708, to Developer for the Project construction costs, contingent on the Chief Financial Officer furnishing a certificate certifying that funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

5. The Chief Financial Officer, or designee, is authorized to accept and transfer any Developer repayments of the City's CDBG loan, into the Federal Grant CDBG Program Income Fund 600100 to be reprogrammed for eligible CDBG uses, consistent with applicable law, and any repayment of the City's LMIHAF loan and the \$25,000 nonrefundable Developer deposit into the City's LMIHAF, Fund 200708 for the creation of affordable housing, consistent with applicable law.

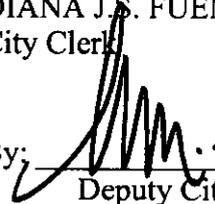
APPROVED: MARA W. ELLIOTT, City Attorney

By: 
Marguerite E. Midaugh
Deputy City Attorney

MEM:jdf
03/16/2023
03/17/2023 COR. COPY
03/22/2023 COR. COPY2
Or.Dept: Econ.Dev.
Doc. No.: 3251593_3

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 20 2023.

DIANA J.S. FUENTES
City Clerk

By:  for Connie Patterson
Deputy City Clerk

Approved: 3/27/23
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

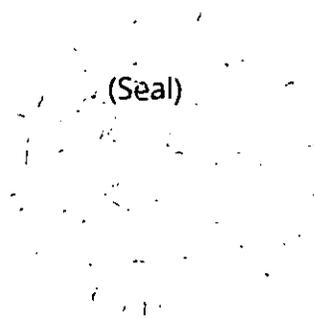
Passed by the Council of The City of San Diego on MAR 20 2023, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAR 28 2023.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:



(Seal)

TODD GLORIA
Mayor of The City of San Diego, California.

DIANA I.S. FUENTES
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

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